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Federal Communications Commission  
Office of Secretary

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )  
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Billed Party Preference for )  
InterLATA 0+ Calls )  
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CC Docket No. 92-77

**SUPPLEMENTAL COMMENTS OF THE  
AMERICAN PUBLIC COMMUNICATIONS COUNCIL**

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November 13, 1996

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**SUPPLEMENTAL COMMENTS OF THE  
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The American Public Communications Council ("APCC") submits the following supplemental comments in response to the Common Carrier Bureau's Public Notice, DA 96-1695, released October 10, 1996, requesting additional comments on several issues in the above-captioned proceeding. APCC's comments address operator services that are provided to users of public payphones, and are not applicable to services provided to inmates of confinement facilities.

By establishing a fair compensation plan for the payphone industry, the FCC's landmark Payphone Order will free the public payphone industry from undue dependence on 0+ call revenue. Because that Order will not be implemented immediately, the Commission should adopt a transition period for any requirements adopted in this proceeding.

If the Commission decides to impose a rate-disclosure-on-demand requirement on all 0+ calls, the Commission must take account of the fact that it is not feasible for operator services that use the store-and-forward technology in payphones to provide exact rate quotes. The Commission should allow store-and-forward payphones to provide a maximum rate or rate range instead. In addition, the Commission should "grandfather" the installed base of store-and-forward payphones from rate disclosure requirements, provided that the rates charged are below a rate benchmark.

APCC continues to believe that the Commission should adopt generally applicable rate benchmarks for 0+ calls, below which no new disclosure requirements would apply. In order to allow time for implementation of the new compensation plan and necessary industry adjustments, the Commission should initially adopt the benchmarks advocated by the coalition of APCC and other parties in 1995. Subsequently, the benchmark could be lowered if a lower level is found to be warranted.

1. **Are There Any Industries In Which Price Disclosure To Consumer At The Point Of Purchase Is Not The Normal Practice? If So, What Are Those Industries And What Are The Particular Circumstances Surrounding The Developments Of Those Industries?**

APCC has no comment on this issue.

2. **What Kinds Of Technologies (Including Payphone Equipment And Associated Software) Are Currently Available To Provide On-Demand Call Rating Information For Calls From Payphones, Other Aggregator Locations, And Phones In Correctional Institutions That Are Provided For Use By Inmates? Commenters Should Discuss The Anticipated Declining Cost Of These Technologies, Assuming A Wide-Spread Demand For These Services.**

Currently, operator service providers ("OSPs") are required to provide call rating information at the caller's request. 47 CFR § 64.703(a)(3)(i). When payphones offer store-and-forward operator services using computer processors located inside the payphone, call rating information generally has been made available from a central location, accessed by an 800 number that is posted on the payphone. If the Commission adopted a rule that required a rate quote to be available without interrupting the call, payphones that use store-and-forward methods to provide operator services would have to undergo substantial modifications in order to comply. Compliance would pose special problems in the case of collect calls, where the rate quote must be delivered to the called party rather than the calling party. It would not be feasible to reroute these calls to a network operator position after a direct connection had been established between the payphone's automated operator and the called party. Thus, any rate quote requested by the called party would have to be provided using rate information located in the computer memory inside each payphone. Manufacturers indicate that providing a complete set of rate tables for operator assisted calls within each payphone would place such huge demands on available memory capacity that the cost of such an implementation at store-and-forward payphones would be

prohibitive for new payphones as well as for the installed base. Comments of the Intellicall Companies at 10-12.

If the required rate disclosure is limited to the announcement of a maximum rate or range of rates, the cost of implementing such a requirement prospectively would not be prohibitive for new payphones,<sup>1</sup> but would still be substantial. First, announcements must be programmed into the payphone so that, with each type of 0+ call, an appropriate announcement is given alerting the caller (or in the case of collect calls, the called party) that rates are available by pressing a key. Second, the payphone must be programmed with the capability to respond to the pressing of a key by providing a rate quote. Third, the actual maximum rates or ranges of rates for various types of calls must be programmed into each payphone. Such requirements would add significantly to the cost of new payphones. Intellicall Comments at 13-16; Intellicall Reply Comments at 20. APCC is concerned that such requirements could impose prohibitive costs on many payphone service providers ("PSPs") if applied to existing payphones.

**3. Are There Any Telecommunications Markets Outside Of The U.S. That Already Make Use Of Price Disclosure Prior To Call Completion, For Example, In The U.K.? If So, Please Provide The Technological And Financial Details Behind The Implementation Of These Services And Any Indication As To The Cost And Benefits From The Perspective Of Consumers.**

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APCC has no comment on this issue.

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<sup>1</sup> As discussed in Section 5, below, APCC is concerned that for many types of existing store-and-forward payphones, it may be prohibitively expensive to modify the installed base to provide on-demand call rating even using rate ranges or maximum rates.

4. **Some Commenters Have Claimed That Price Disclosure Prior To Call Completion Would Create An Unacceptable Delay To Consumers. Are There Any Studies That Substantiate Or Dispute This Contention And Are Those Studies Available? Are There Any Studies Available That Provide Indications Of Consumer Satisfaction Or Dissatisfaction With 0+ Services Provided In This Fashion?**

APCC previously addressed this issue in its comments and has no additional comment on this issue.

5. **If Some Or All Of Embedded Base Equipment And Software Are Incapable Of Providing Audible Notice To Consumers For On-Demand Call Rating, What Time Period Would Be Reasonable For Substituting Equipment And Software That Is Capable Of Doing So?**

Manufacturers have indicated it would be prohibitively expensive to manufacture even new payphone equipment that uses store-and-forward technology so as to provide exact rate quotes on-demand without interrupting the call. Comments of Intellicall Companies at 10-12. On the other hand, it is apparently feasible to provide, in new payphone equipment, the capability to provide on-demand information on the range of rates or maximum rate that may be applicable to a call. Providing such capabilities in the installed base, however, may be prohibitively expensive for many types of existing equipment. Therefore, if the Commission adopts a generally applicable on-demand call rating requirement, the Commission should "grandfather" existing equipment. Rather than setting a time period for removing such equipment, the Commission should provide

an incentive for removal by requiring that rates for operator services provided using such "grandfathered" equipment may not exceed a benchmark. See Section 7 below.

**6. What Percentage Of Interstate 0+ Calls From Correctional Institutions Constitute, Both In Quantity And Dollar Volume, Over The Last 5 Years?**

APCC has no comment on this issue.

**7. What Effects, If Any, Will The Recent Report And Order In *In The Matter Of Pay Telephone Reclassification And Compensation Provisions Of The Telecommunications Act Of 1996, Policies And Rules Concerning Operator Service Access And Pay Telephone Compensation*, CC Docket Nos. 96-128, 91-35, FCC 96-388 (Released September 20, 1996) Have On This Proceeding?**

The Payphone Order establishes a framework that, over time, will enable payphone service providers to recover fair compensation on all calls originating from their payphones. This landmark decision promises to free the payphone industry from undue dependence on 0+ call revenue. Under the new compensation plan, over time, those PSPs that currently rely disproportionately on revenue from 0+ calls to recover fixed costs will be able to recover more of their fixed costs from other kinds of calls. As a result, requirements adopted in this proceeding that impose additional costs or reduce revenue available from 0+ calls will be less likely to threaten the survival of individual PSPs or substantially interfere with the industry's ability to ensure an adequate supply of payphones.

However, full implementation of the Commission's compensation plan will not occur immediately. The per-call dial-around compensation plan and the Commission's deregulation of local coin rates do not take effect until October 7, 1997. In the interim, while flat-rate compensation based on average call volumes for all types of dial-around calls provides important and badly needed relief for PSPs, local coin calling rates are likely to remain at the current regulated and subsidized levels, compelling the independent sector of the industry to continue to recover fixed costs disproportionately from interstate<sup>2</sup> 0+ calls. Further, flat-rate compensation will not begin to be actually collected by PSPs for about five months, and there are various uncertainties regarding the timeliness of carrier payments, the likelihood of disputed payments, and other contingencies.

Even after the scheduled implementation date for local coin rate deregulation and per-call compensation, there are uncertainties that have not yet been resolved and adjustments that need to be made. For example, States may request deregulation "exemptions" that are much larger than anticipated, or unforeseen problems could arise in the implementation of per-call compensation. In addition, it will take time for the industry to adjust to the change in the distribution of revenues among various types of calls. Locations with relatively large volumes of 0+ calls and relatively low volumes of local coin calls and dial-around calls will become less profitable, while locations with relatively high volumes of local coin calls and dial-around calls will become more profitable. Therefore, in order to allow time for the implementation of compensation, and for adjustments to the

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<sup>2</sup> Price ceiling in most states prevent PSPs from spreading cost recovery proportionately to intrastate 0+ calls, which constitute a substantial majority of all 0+ calls.



economic effects of regulatory change, the Commission should structure a transition period to govern the implementation of any new requirements adopted in this proceeding.

The general tenor of the questions raised in the Public Notice suggests that the Commission may be considering a generally applicable requirement for rate disclosure on demand, in lieu of or in addition to a rate benchmark based disclosure requirement. If the Commission decides to impose a rate-disclosure-on-demand requirement on all 0+ calls, regardless of the applicable rate, then those PSPs that provide store-and-forward operator services could incur crippling cost burdens. As discussed above, disclosure-on-demand requirements impose prohibitive costs unless they can be implemented using maximum rates or rate ranges rather than the precise rates for each call. Further, even with maximum rates or rate ranges, the cost of implementing the requirement in the installed base may be prohibitively high for many types of existing equipment. Applying such requirements could have the perverse effect of causing some PSPs to charge higher rates for store-and-forward operator services, in order to recover the costs of implementing rate disclosure capabilities.

If the Commission decides that it is appropriate to require rate disclosure, without regard to benchmarks, the Commission should adopt a requirement for disclosure on demand rather than automatic disclosure. The Commission should allow store-and-forward payphones to provide maximum rates or ranges of rates in response to requests for rate information. In addition, the Commission should "grandfather" store-and-forward equipment that is in place on the effective date of such requirements, subject to compliance with rate benchmarks as described below. These steps would

mitigate the impact of a rate disclosure requirement on PSPs that provide store-and-forward operator services, especially during the initial period when the fair compensation plan of the Payphone Order has not yet been fully implemented.

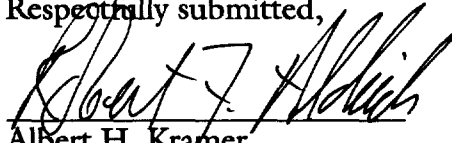
APCC continues to believe that there is merit in adopting a benchmark approach, in which OSPs that keep their rates below a benchmark are not subject to disclosure requirements. Such an approach encourages OSPs to refrain from charging unusually high rates and gives PSPs for whom rate disclosure is not feasible an opportunity to avoid incurring prohibitive implementation costs while keeping their rates at reasonable levels. If the Commission sets a rate benchmark in this proceeding, either in lieu of or in combination with a generally applicable requirement as described above, the Commission should ensure that the benchmark does not unduly burden PSPs during the interim compensation period described above. APCC believes the benchmark should be set initially, at the levels proposed by the coalition of APCC and other parties in March 1995. Once the compensation plan is fully implemented, and the Commission has had an opportunity to satisfy itself that the compensation plan is working substantially as anticipated, then the benchmark could be moved to a lower level if the Commission finds that a lower benchmark level is warranted.

**CONCLUSION**

The Commission should adopt regulations in accordance with the foregoing comments.

November 13, 1996

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Robert F. Aldrich", is written over a horizontal line.

Albert H. Kramer

Robert F. Aldrich

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